

2013 CA Insurance Supplier Diversity Report

Sam Kang, General Counsel

Greenlining is the Answer to Redlining





Supplier Diversity

...programs that encourage the use of:
minority-, women-, LGBT-, and service disabled
veteran-owned small businesses as vendors.

Why is Supplier Diversity Important?

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OPPORTUNITY

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OPPORTUNITY

COMPETITION

Why is Supplier Diversity Important?

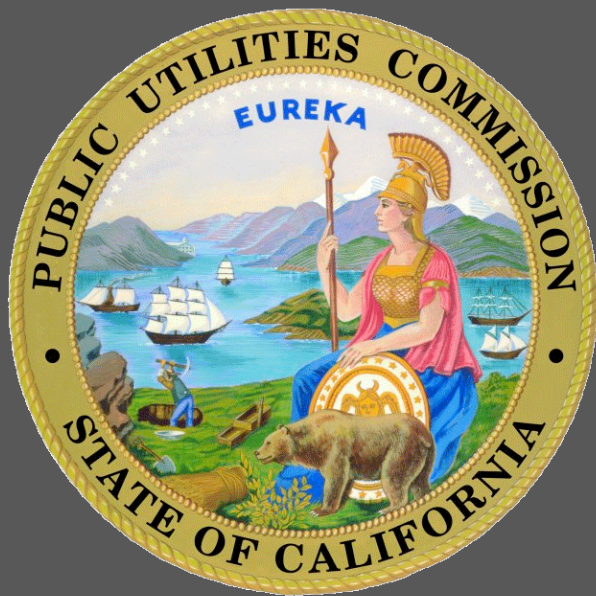
OPPORTUNITY

COMPETITION

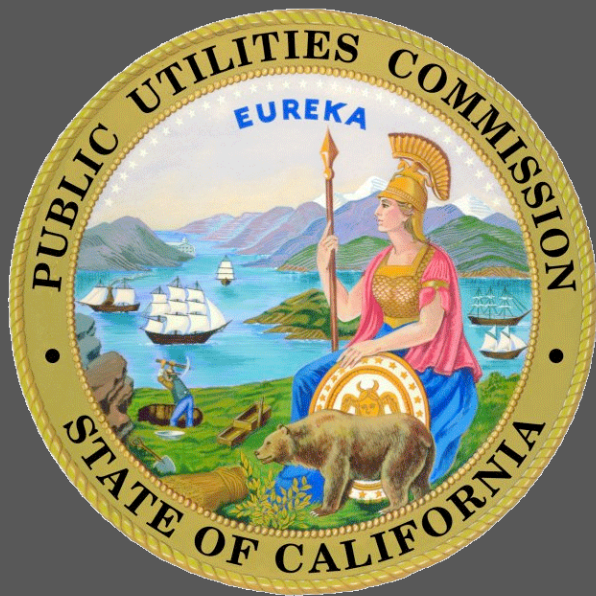
TRANSPARENCY

■ SUPPLIER DIVERSITY AND THE PUC ■

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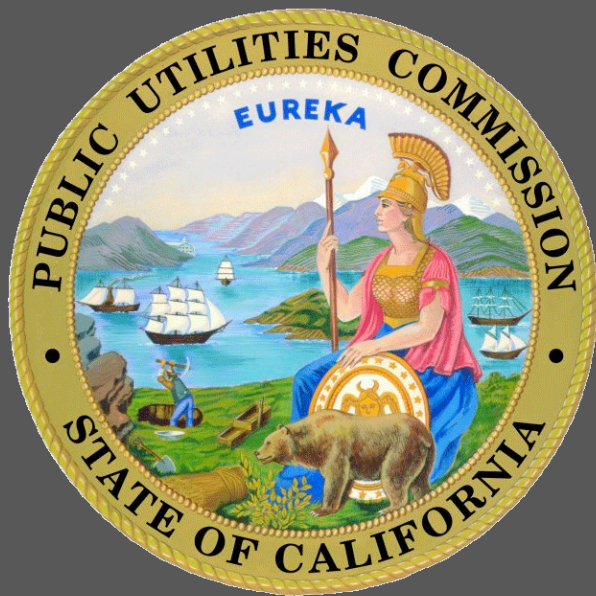


■ SUPPLIER DIVERSITY AND THE PUC ■



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in 1988

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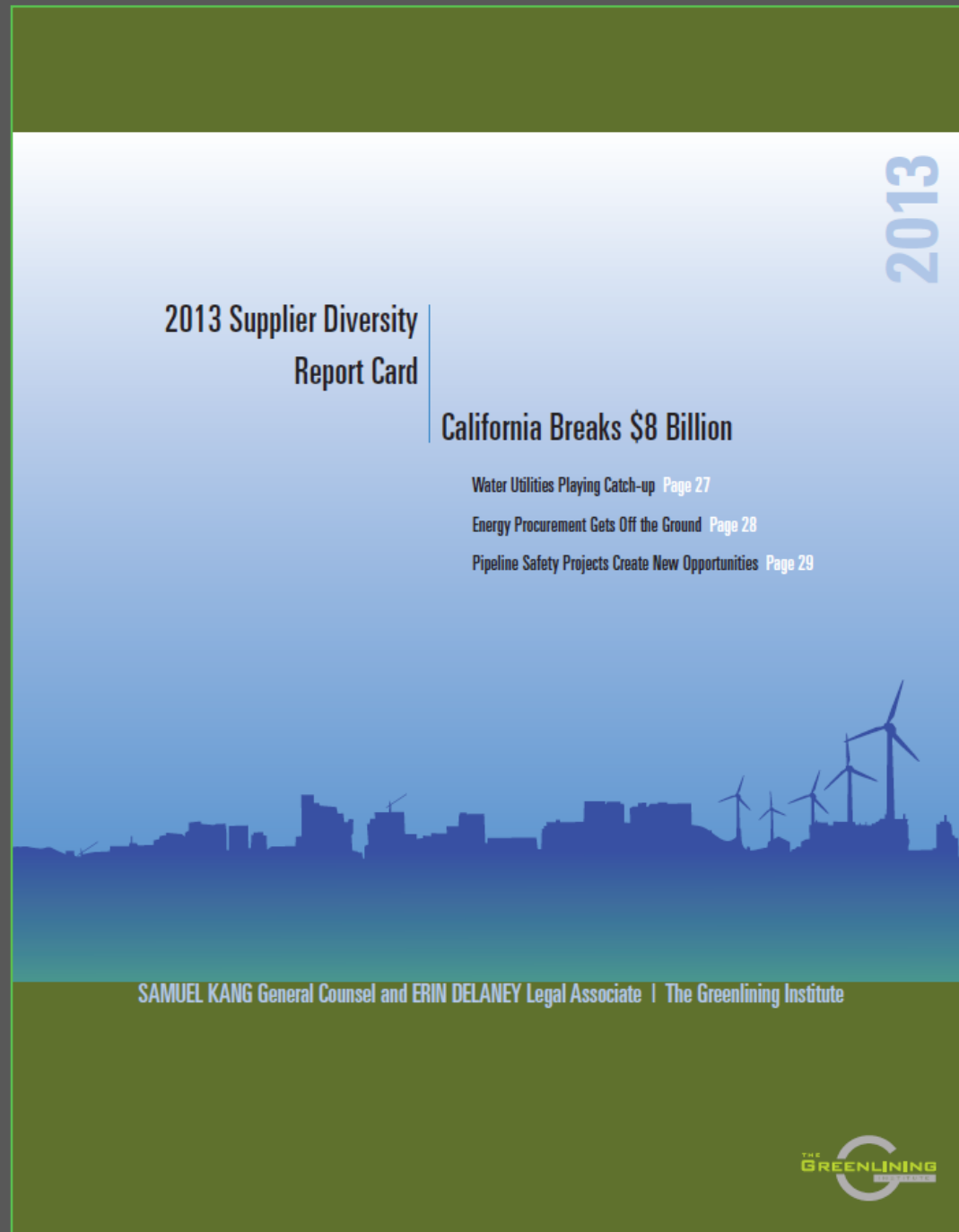
-Over \$8 billion in 2012

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■ AB 53 (SOLORIO) ■

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- Signed into law in 2012
- Requires reporting from insurance companies with **\$100 million or more** in premiums from California

■ TAKING A CLOSER LOOK ■

■ WHAT WAS REPORTED: FORM AI ■ (CALIFORNIA)

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Procurement \$ Spend

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Diverse Suppliers by Certification Type

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Diverse Suppliers by Certification Type

Diverse Suppliers by Ethnicity

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Procurement \$ Spend

Diverse Suppliers by Certification Type

Diverse Suppliers by Ethnicity

Diverse Suppliers by Industry Category

WHO REPORTED?

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-207 companies

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- These companies reported individually or as groups

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- These companies reported individually or as groups
- 127 reports were submitted

■ SUPPLIER DIVERSITY PROGRAMS ■

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70 Companies/Groups had formal supplier diversity policy statements

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17 Companies/Groups did **NOT** have formal supplier diversity policy statements but had plans to develop supplier diversity programs in the next 12 months

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38 Companies/Groups did **NOT** have formal supplier diversity policy statements and had **NO** plans to develop supplier diversity programs in the next 12 months

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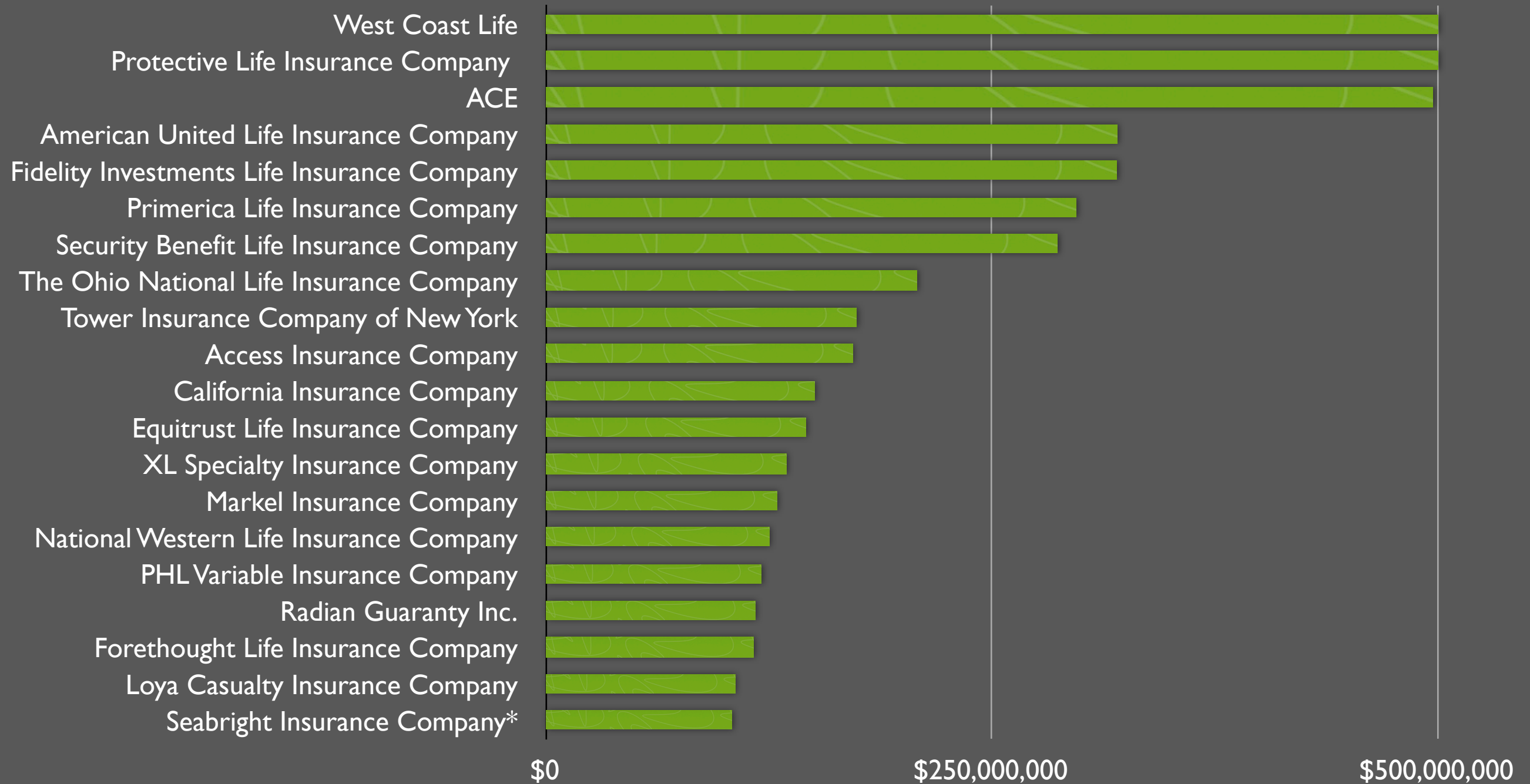
20 Companies/Groups claimed:

■ SUPPLIER DIVERSITY PROGRAMS ■

20 Companies/Groups claimed:

“We do not enter into procurement contracts in the State of California.”

■ PREMIUMS COLLECTED IN ■ CALIFORNIA



■ MEETINGS WITH COMPANIES ■

■ MEETINGS WITH COMPANIES ■

STATE
COMPENSATION
INSURANCE
FUND

 **MERCURY**
INSURANCE GROUP



■ DBE SPENDING ■

■ DBE SPENDING ■

	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL DBE	%
1	Humana Insurance Company	\$15,190,000	\$11,643,000	76.60%
2	UnitedHealthcare Insurance Company	\$20,624,728	\$11,051,977	54.59%
3	Infinity Insurance Company	\$129,272,247	\$51,934,055	40.17%
4	First American Financial Corporation	\$20,476,815	\$8,042,436	39.30%
5	AFLAC	\$11,907,678	\$1,741,221	15.60%

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5	AFLAC	\$11,907,678	\$1,741,221	15.60%

	COMPANY/GROUP	TOTAL DBE
1	Kaiser Permanente	493
2	First American Financial Corporation	222
3	Infinity Insurance Company	179
4	Allstate Insurance Company	109
5	Mercury Casualty Group	41

■ DBE SPENDING ■

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- Thirteen companies had DBE spend of at least 2%.

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- Thirteen companies had DBE spend of at least 2%.
- The vast majority of companies had DBE spend of less than 1% or submitted incomplete data.

■ MBE SPENDING ■

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	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL MBE	%
1	Humana Insurance Company	\$15,190,000	\$5,641,000	37.14%
2	Infinity Insurance Company	\$129,272,247	\$40,136,885	31.05%
3	Federal Insurance Company	\$473,442	\$108,711	23.00%
4	UnitedHealthcare Insurance Company	\$20,624,728	\$3,415,732	16.56%
5	First American Financial Corporation	\$20,476,815	\$2,988,681	14.60%

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	COMPANY/GROUP	TOTAL MBE
1	Kaiser Permanente	184
2	Infinity Insurance Company	137
3	First American Financial Corporation	68
4	Allstate Insurance Company	52
5	Progressive Insurance Group	17

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- The vast majority of companies had MBE spend of less than 1% or submitted incomplete data.
- There were a total of 560 MBEs reported.

■ WBE SPENDING ■

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	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL WBE	%
1	The Traveler's Companies Inc.	\$3,125,685	\$3,051,812	97.60%
2	Capital Insurance Group	\$1,635,517	\$1,302,445	80.00%
3	Federal Insurance Company	\$473,442	\$364,731	77.00%
4	UnitedHealthcare Insurance Company	\$20,624,728	\$7,584,034	34.00%
5	First American Financial Corporation	\$20,476,815	\$4,979,247	24.30%

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5	First American Financial Corporation	\$20,476,815	\$4,979,247	24.30%

	COMPANY/GROUP	TOTAL WBE
1	Kaiser Permanente	235
2	First American Financial Corporation	153
3	Allstate Insurance Company	57
4	Mercury Insurance Group	16
5	Progressive Insurance Group	12

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-**Kaiser Permanente** had 235 WBE contracts, followed by **First American Financial Corporation**, which had 157 WBE contracts.

-The drop-off was very steep after that, with the majority of companies reporting less than 10 WBEs.

**Kaiser
Permanente**
led with \$216
million.

■ DVBE SPENDING ■

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	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL DVBE	%
1	First American Financial Corporation	\$20,476,815	\$74,508	0.36%
2	UnitedHealthcare Insurance Company	\$20,624,728	\$52,211	0.25%
3	Kaiser Permanente	\$8,860,288,745	\$7,976,769	0.09%
4	Progressive Insurance Group	\$224,704,279	\$162,051	0.07%
5	Metropolitan Life Insurance Company	\$2,300,000,000	\$100,000	0.00%

■ DVBE SPENDING ■

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2	UnitedHealthcare Insurance Company	\$20,624,728	\$52,211	0.25%
3	Kaiser Permanente	\$8,860,288,745	\$7,976,769	0.09%
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5	Metropolitan Life Insurance Company	\$2,300,000,000	\$100,000	0.00%

	COMPANY/GROUP	TOTAL DVBE
1	Kaiser Permanente	5
2	Mercury Insurance Group	2
3	Blue Shield of California Life & Health Insurance Company	2

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- Eleven insurance companies contracted with DVBE businesses for a total of nearly \$9 million.
- Kaiser Permanente**, alone, contracted with 5 DVBEs for a total of almost \$8 million.

NUMBER OF DIVERSE SUPPLIERS BY ETHNICITY

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COMPANY/GROUP	AFRICAN AMERICAN
First American Financial Corporation	31
Kaiser Permanente	20
Mercury Casualty Company	10

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COMPANY/GROUP	AFRICAN AMERICAN
First American Financial Corporation	31
Kaiser Permanente	20
Mercury Casualty Company	10

COMPANY/GROUP	API
Kaiser Permanente	94
Mercury Casualty Company	39
Humana Insurance Company	8

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COMPANY/GROUP	LATINO/HISPANIC
Mercury Casualty Company	89
Kaiser Permanente	64
First American Financial Corporation	52

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COMPANY/GROUP	NATIVE AMERICAN*
First American Financial Corporation	22
Kaiser Permanente	6
Mercury Casualty Company	3
Progressive Insurance Group	1
ZURICH	1

*Represents ALL Native American Suppliers reported

■ SUMMARY ■

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-Kaiser Permanente: **\$489 million** in diverse contracting last year

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-First American Financial Corporation: **15% of total procurement spend was with diverse vendors**

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■ SUMMARY ■

- The companies that reported their DBE, MBE, WBE, DVBE spend had low numbers, with the majority of companies not exceeding 1% for any of those certification categories.
- 560 total MBEs (African American, API, Latino/Hispanic, and Native American)...
- ...an average of less than 3 MBEs per company.

DBE SPENDING

OF ALL G.O. 156 REPORTING COMPANIES

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\$8.1B - 2012

\$7.00B - 2011

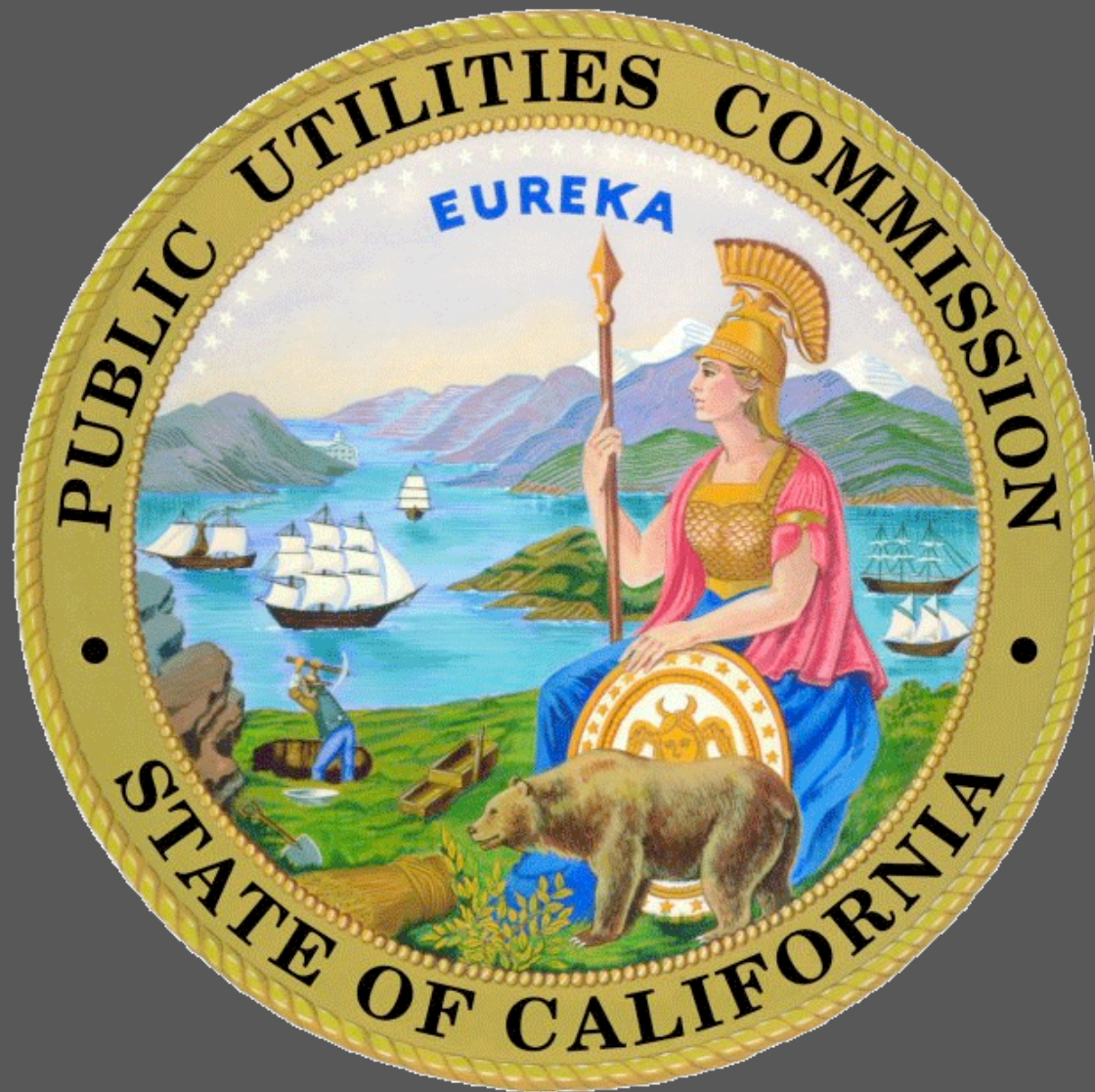
\$5.17B - 2010

\$4.27B - 2009

\$3.47B - 2008

■ OPTIMISM FOR THE FUTURE ■

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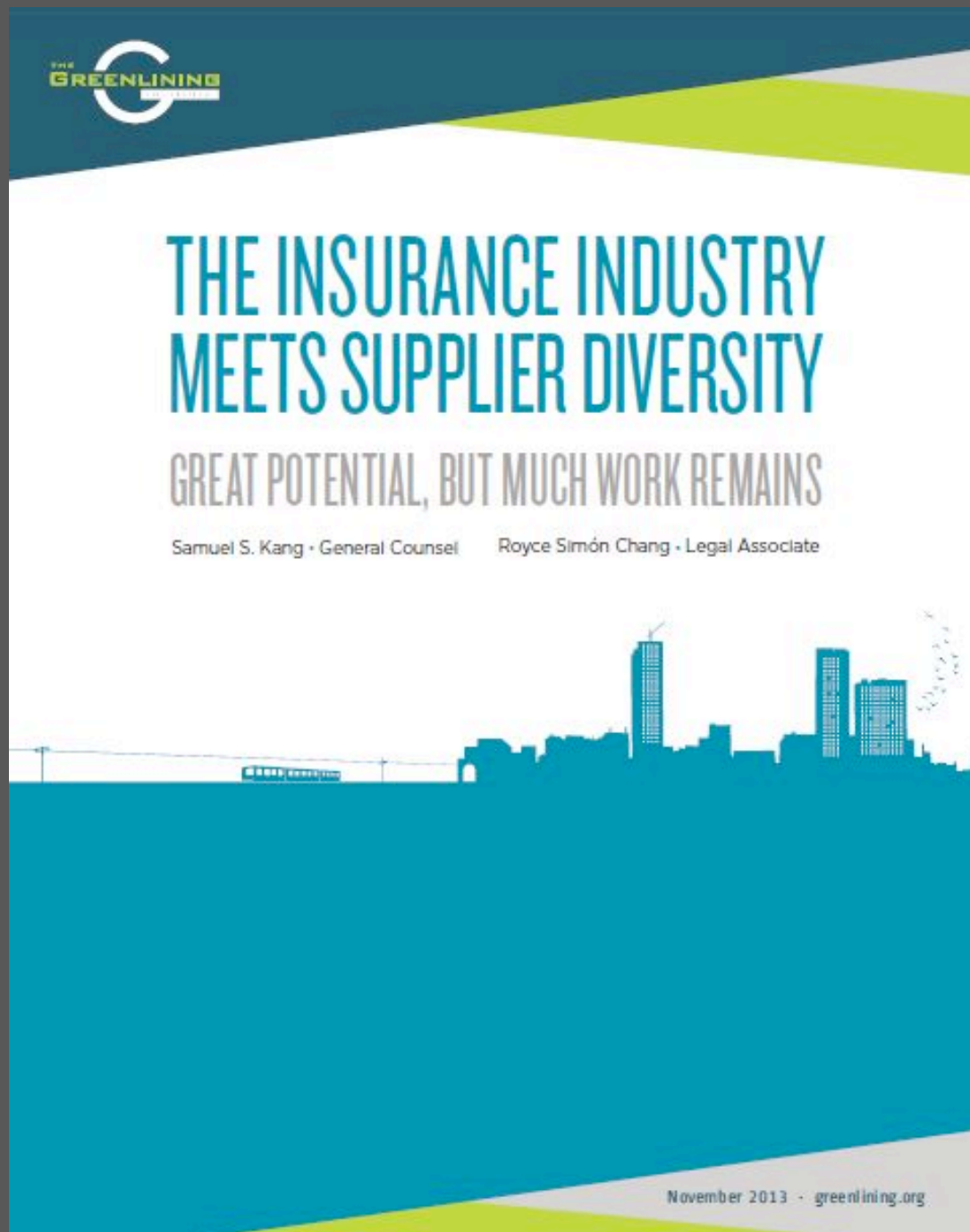


■ OPTIMISM FOR THE FUTURE ■

If monopolies can compete, the fiercely competitive insurance industry can do it even better.

■ 2013 INSURANCE SUPPLIER ■ DIVERSITY REPORT CARD

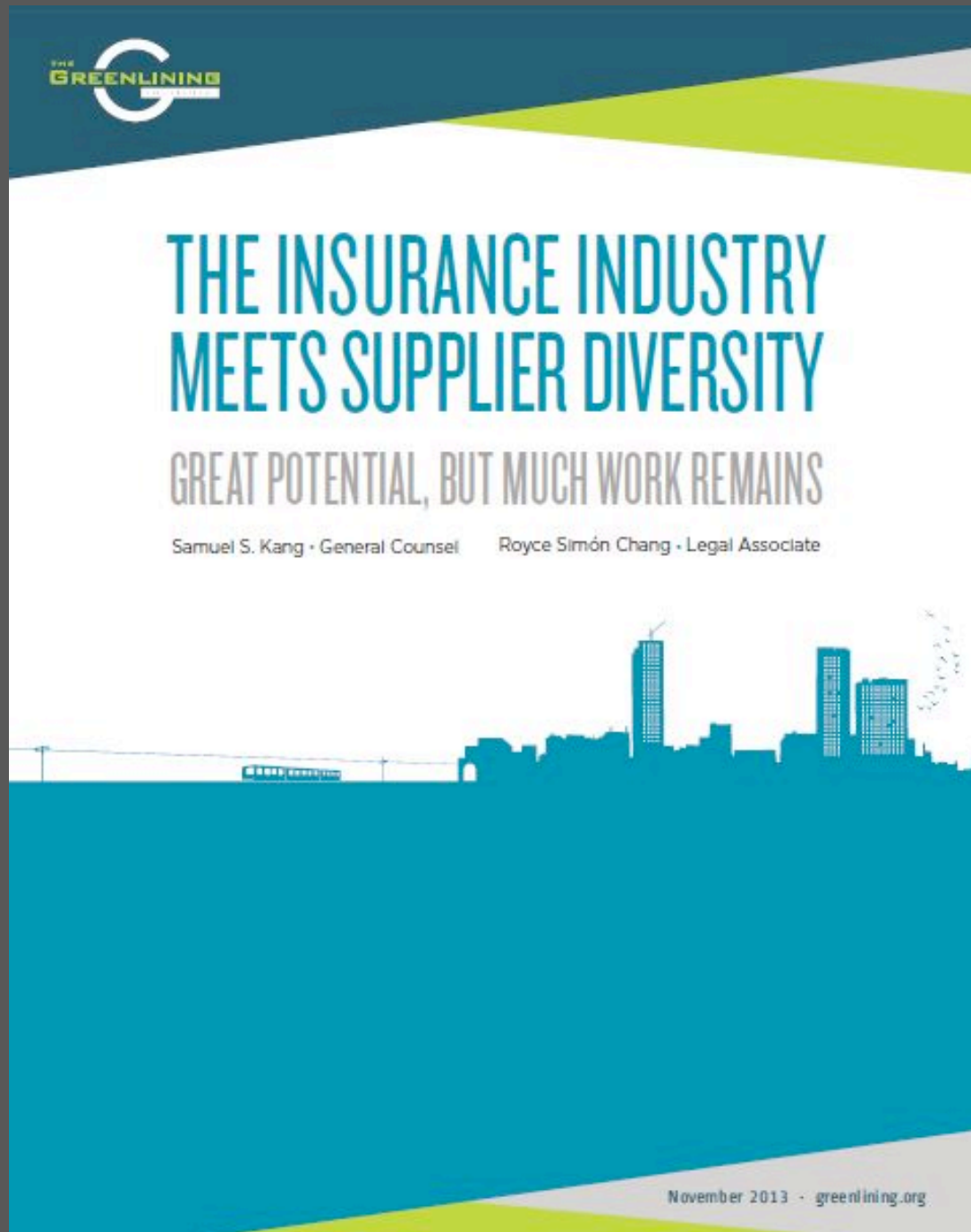
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“The Insurance Industry Meets
Supplier Diversity:

Great Potential, but Much Work
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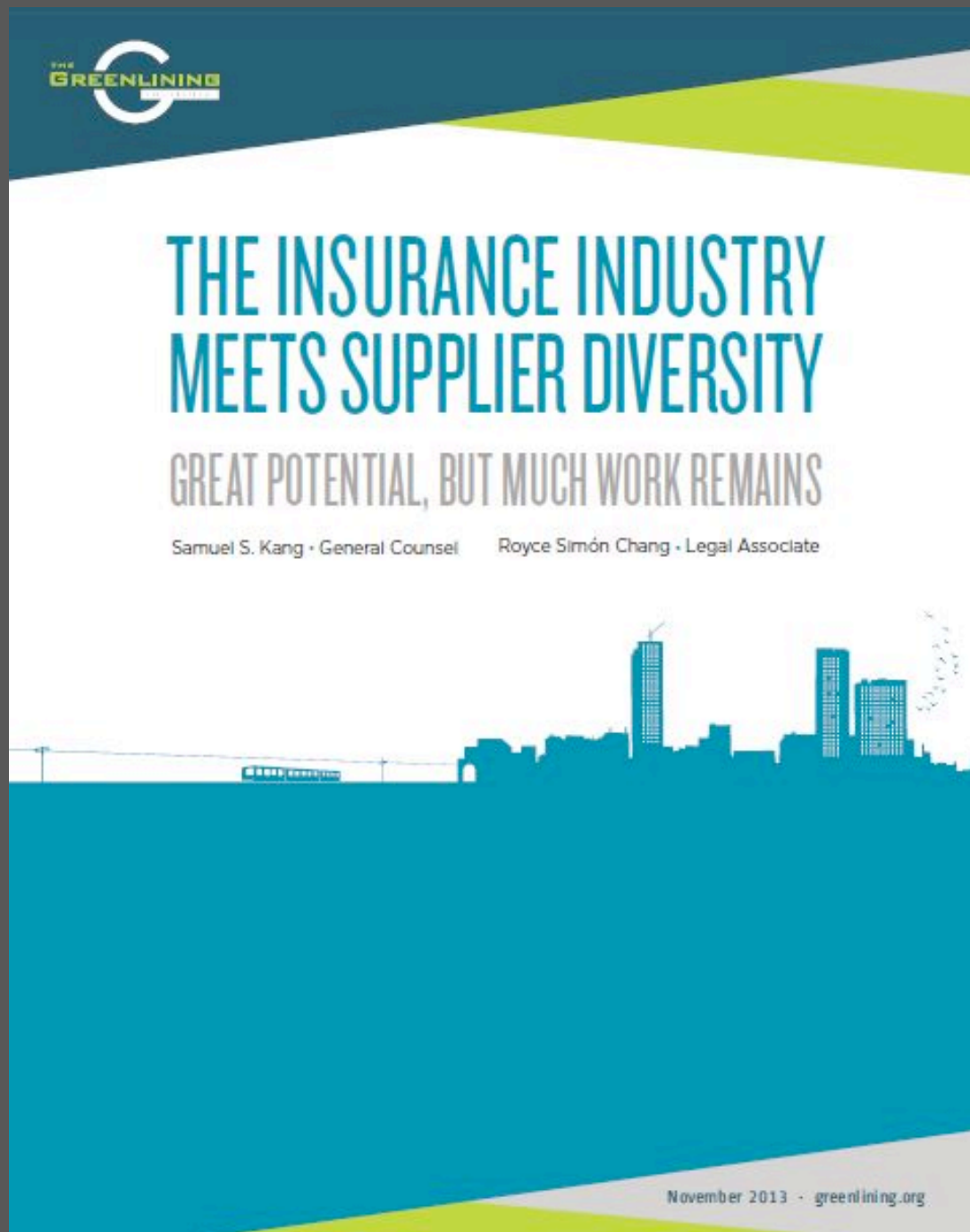


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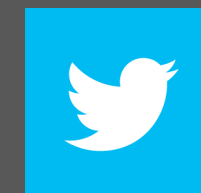


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Questions?



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Thank You

